

SECURITY AGREEMENT-CHATTELS

(FOR USE WITH SEPARATE NOTE)

RECORDATION NO. 10415 Filed 1425

JUN 5 1979-8 22 AM

Wilson

N. C.

INTERSTATE COMMERCE COMMISSION

A. Winniett Peters

and

(hereinafter called Debtor) is indebted to The Branch Banking and Trust Company in the amount of \$ 110,000.00 evidenced by a note of even date herewith payable to the order of The Branch Banking and Trust Company.

To secure the payment of said note and interest as well as any and all other obligations and liabilities of the Debtor to the Bank, however created or existing, whether direct or indirect, or now or hereafter existing, the Debtor hereby mortgages to and grants the Bank a security interest in the following property and all accessories, parts, and equipment now or hereafter attached thereto or used in connection therewith:

Four Box Cars managed by Rex Railways, Inc. and leased to Vermont Railway as follows:

1 Box Car - VTR 11032

1 Box Car - VTR 11033

1 Box Car - VTR 11257

1 Box Car - VTR 11261

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PAID AND SATISFIED

INTERSTATE COMMERCE COMMISSION

BRANCH BANKING & TRUST CO.

If the following is checked ☐ the property described above is being acquired by the Debtor with funds simultaneously advanced by the Bank and such funds will be used for no other purpose. The Debtor hereby authorizes the Bank to disburse such funds to the seller of the property.

The Debtor warrants and covenants that the property described above is used primarily for the following purpose: ☐ Personal, family or household ☐ Farm ☒ Business

The property is located at Vermont

The Debtor further warrants and covenants that:

(1) Except for the security interest granted hereby, the Debtor is the owner of the above described property free from any adverse lien, security interest or other encumbrance, and the Debtor will defend the property against the claims and demands of all persons whomsoever;

(2) No Financing Statement covering the aforesaid property or any proceeds thereof is on file in any public office and, at the request of the Bank, the Debtor will join with the Bank in executing one or more Financing Statements pursuant to the Uniform Commercial Code in a form satisfactory to the Bank and will pay the costs of filing in all public offices where filing is deemed to be necessary or desirable by the Bank;

(3) The Debtor will not sell or otherwise transfer any of the property described herein without the written consent of the Bank.

(4) The Debtor will keep the property insured against loss, damage, theft and other risks in such amounts and companies and under such policies as shall be satisfactory to the Bank with the loss payable thereunder to the Bank as its interests may appear.

(5) The Debtor will keep the property described herein free from any adverse lien, security interest or encumbrance; and keep it in good order and repair; and will not waste or destroy it or any part thereof. The Debtor will not use said property in violation of any statutes or ordinances and the Bank is hereby given permission to examine and inspect the property at any time wherever it may be located.

(Continued on other side)

THIS AGREEMENT IS SUBJECT TO THE PROVISIONS CONTINUED ON THE REVERSE SIDE HEREOF WHICH ARE INCORPORATED HEREIN BY THIS REFERENCE.

ADDRESS 1007 Treemont Road
Wilson, N. C. 27893

State of North Carolina

County of Wilson

Sworn to and subscribed before me,

this 22nd day of October, 1978.

FORM NO. UCC 850-100A
UCC 851-403A

My commission expires 10-18-82

A. Winniett Peters

Gail W. Flowers

Notary Public

(6) At its option, the Bank may discharge any taxes, liens, all security interests, or other encumbrances at any time levied upon or attached to the property hereinabove described, may pay for the insurance on said property and may pay for the maintenance and preservation of the said property. Any sums expended by the Bank for such purposes shall be added to the indebtedness hereby secured and secured by this Security Agreement. The Debtor agrees to reimburse the Bank on demand for any payments so made or any expenses so incurred.

The Debtor shall be in Default hereunder upon the happening of any of the following events, circumstances or conditions:

(1) Default in the payment of the indebtedness or any part thereof secured hereunder or default in the performance of any of the obligations or of any covenant or liability contained or referred to herein;

(2) Upon determination that any warranty, representation or statement made or furnished to the Bank by or on behalf of the Debtor in connection with this agreement proved to have been false in any material respect when made or furnished;

(3) Loss, theft, substantial damage, destruction, sale or encumbrance of the property in which a security interest is granted hereunder or the making or assertion of any levy, seizure, lien or attachment;

(4) Death, dissolution, termination, insolvency, business failure, or appointment of a receiver by or against the Debtor;

(5) The use of the property hereinabove described in violation of any state or federal law or municipal ordinance.

(6) Failure to keep said property insured as required by the Bank;

(7) If the Bank should at any time feel insecure for any other reason whatsoever.

Upon the occurrence of any of the events constituting Default, the Bank may, at its option, declare all of the indebtedness secured hereby to be immediately due and payable and shall have all of the remedies of a secured party under the Uniform Commercial Code as enacted in the State of North Carolina. Without limitation of the foregoing, the Bank shall have the right:

(1) To take immediate possession of the property without notice or resort to legal process; and may enter upon any premises upon which the property may be situated for the purpose of such removal;

(2) At its option to retain the property in satisfaction of the obligation secured hereby under the circumstances provided in the Uniform Commercial Code. In such an event, notice shall be given to the Debtor. Unless the Bank sends such written notice retention of the property shall not be in satisfaction of any obligation secured hereby but shall be for the purpose of foreclosing its secured interest hereunder;

(3) To dispose of said property in any county and in any place selected by the Bank at one or more sales in units or in parcels either with or without having the property physically present at the sale, which said sale may be either by Private Sale or by Public Sale. The Bank may buy at any Public Sale and if the property described hereinabove is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations, it may buy at Private Sale.

If the property is sold at Public Sale, notice thereof shall be posted at the Courthouse door in the county in which said sale is to be held at least five (5) days immediately preceding the sale. If the property is sold at Private Sale, the Bank will give at least five (5) days written notice of the time after which such Private Sale is to be made. In the case of a Public Sale, the Bank will furnish the Debtor notice and any other party in interest notice as required in accordance with the provisions of the Uniform Commercial Code.

(4) To make or to arrange for the making of any repairs found necessary or desirable upon the property at the time of repossession, possession, or sale, the costs of which shall be chargeable against the Debtor.

(5) To apply the proceeds realized from the sale of the property to the following:

(a) The expenses of taking, removing, holding for sale, repairing for sale, specifically including the Bank's reasonable attorney's fees and legal expenses;

(b) The expenses of liquidating any lien, security interest or encumbrances superior to the security interest herein created; and

(c) The unpaid balance of the indebtedness hereby secured with all accumulated interest due thereon.

Any surplus after the satisfaction of the foregoing items shall be paid to the Debtor. If the proceeds realized from the disposition of the said property shall fail to pay the indebtedness due to the Bank and all charges incurred in connection with the disposition of said property, the Debtor shall remain liable to and shall pay the amount thereof to the Bank upon demand.

ENDORSEMENTS

The undersigned endorers hereby expressly recognize and agree to all of the terms, provisions and stipulations contained in this instrument.

(SEAL)

(SEAL)

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